

***KYTC Bidding:
A Lack of Competition Requires
Examination & Reform***

Andrew V. McNeill – Visiting Policy Fellow
Bluegrass Institute for Public Policy Solutions
Contact: amcneill@freedomkentucky.com

BLUEGRASS
INSTITUTE

KYTC: Single Bid Contracts (2021)

“A back of the envelope calculation indicates KYTC has awarded 151 single-bid contracts (that exceeded their engineer’s estimates) totaling \$173.8 million to Kentucky’s road contractors since the beginning of the year.”

Bluegrass Institute’s [Monthly Update](#)

- Single-bid contracts* have been awarded in 62 counties in 2021.
- 18 companies have been awarded single-bid contracts* in 2021.
- Single-bid contracts are overwhelmingly awarded for asphalt paving or asphalt resurfacing.

*Single bids awarded that exceeded the Cabinet engineer’s estimates.

KYTC: Single Bid Contracts (2021)

Bid Letting	Single Bids Awarded*	Single Bids Awarded* Total \$\$\$	In Excess of Engineer's Estimates
January 29	16	\$ 8,340,551	\$ 489,684
February 19	6	\$ 2,101,517	\$ 39,030
March 19	17	\$ 9,644,919	\$ 383,384
April 23	19	\$ 31,739,208	\$ 944,949
May 21	5	\$ 5,879,585	\$ 338,404
June 25	17	\$ 13,779,146	\$ 521,099
July 23	18	\$ 45,100,414	\$ 2,887,581
August 20	13	\$ 33,370,593	\$ 1,526,302
September 24	26	\$ 16,553,474	\$ 444,694
October 22	14	\$ 7,349,147	\$ 256,813
Total	151	\$ 173,858,554	\$ 7,831,940

*Single bids awarded that exceed the Cabinet engineer's estimates.

A Lack of Competition: 4 Counties & 4 Companies (2005-2007)

“With only one exception, **ATS Construction** bid exclusively in Fayette County...Even though there were dozens of projects in close proximity...**ATS** refrained from bidding on several projects in adjoining counties.

“**Nally & Gibson** bid exclusively in Scott County... **Hinkle Contracting** bid in Bourbon County and in counties north and west of Bourbon, but never in Scott, Fayette or Clark counties...The **Allen Company** bid in both Clark and Madison counties but never in Fayette or Bourbon.”

“Single Bidders & Tacit Collusion in Highway Procurement Auctions”

David Barrus & Frank Scott (2015)

Source: https://uknowledge.uky.edu/isfe_papers/22/

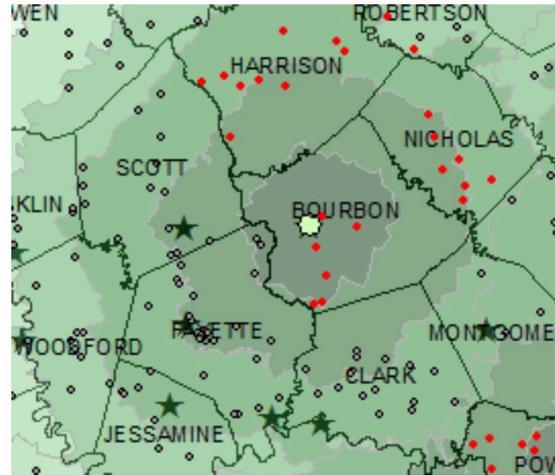
A Lack of Competition: 4 Counties & 4 Companies (2005-2007)

Hinkle Contracting bid in Bourbon, Harrison, Nicholas & Robertson while refraining from bidding in Scott, Fayette and Clark.

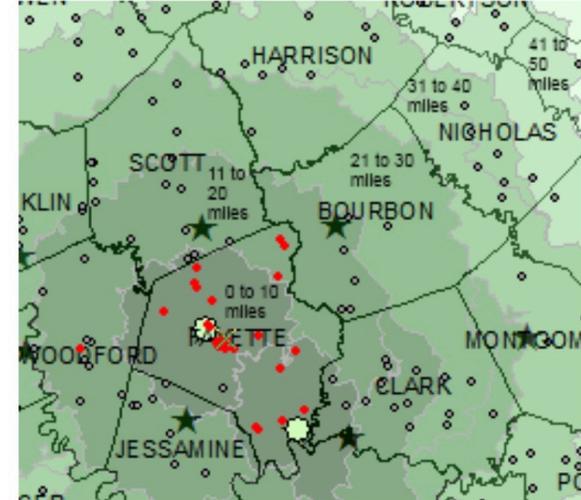
Multiple projects in Harrison & Nicholas were a further distance than potential projects in other adjoining counties.

Similar bidding behavior by ATS, The Allen Company and Nally & Gibson was evident.

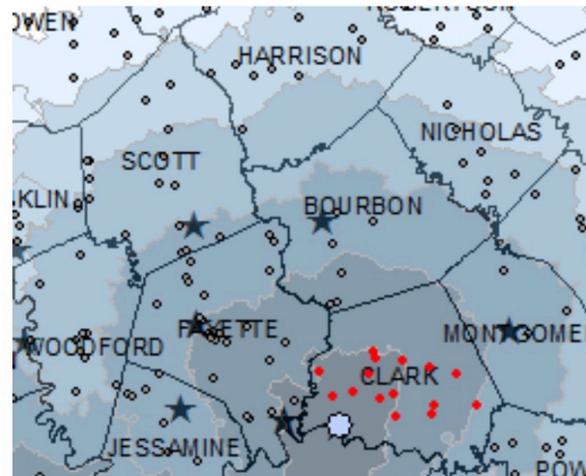
Hinkle Contracting (plant location in Bourbon County)



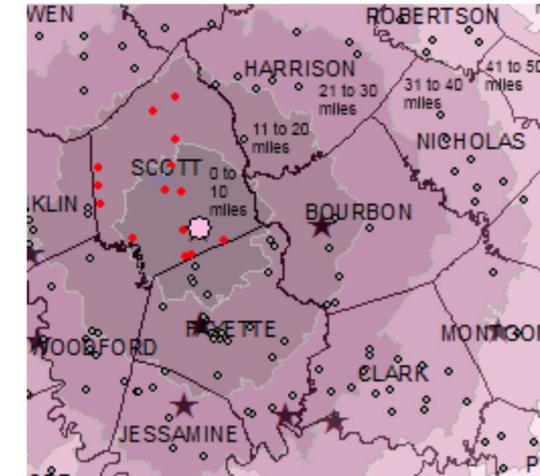
ATS Construction (plant locations in Fayette County)



The Allen Company (plant location in Clark County)



Nally & Gibson Georgetown (plant location in Scott County)



Source for the images: Barrus & Scott (2015)

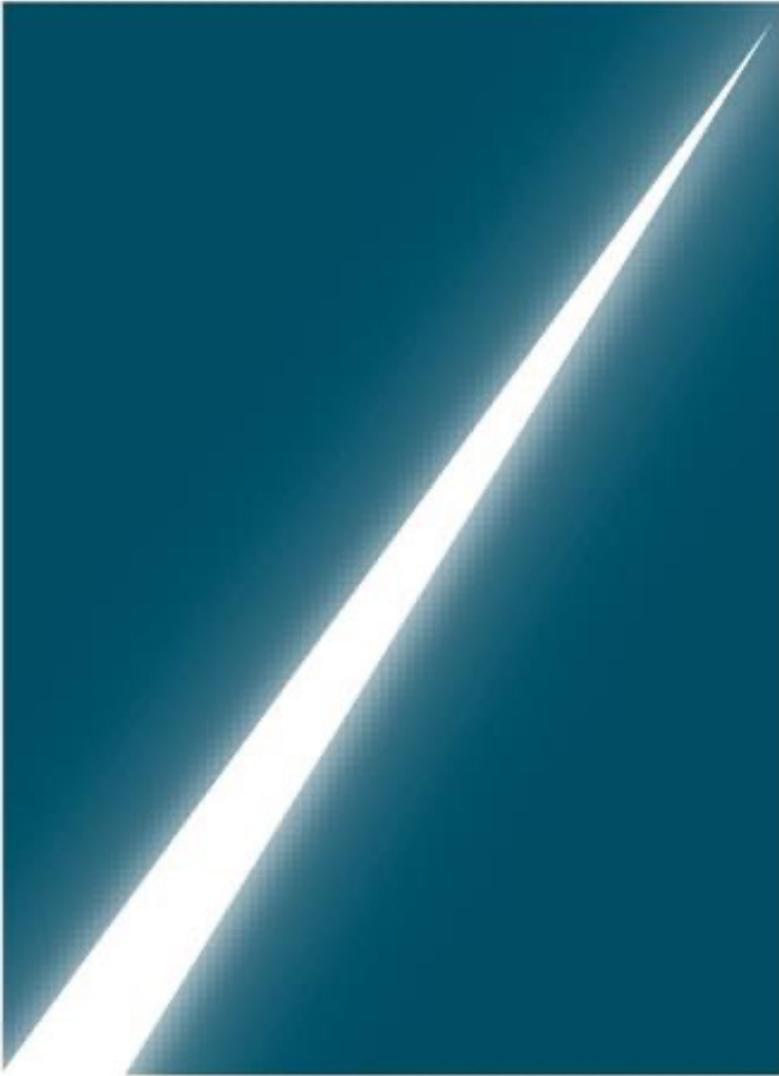
KYTC Contract Awards: 4 Counties & 4 Companies (2019-2021)

	Fayette	Scott	Bourbon	Clark
CONTRACTS AWARDED (TOTAL)	28	12	9	10
COMPETITIVE BIDS AWARDED	9	2	3	1
SINGLE BIDS AWARDED*	19	10	6	9
SINGLE BIDS AWARDED* TO:	L-M Asphalt Partners 15 out of 19	Nally & Gibson 9 out of 10	Hinkle Contracting 6 out of 6	The Allen Co. 9 out of 9

*All single-bid awards during the three years are included in these totals.
33 out of 44 single-bid awards exceeded the KYTC engineer's estimate.

Recommendation: Audit KYTC's bidding practices

- Competition maximizes the value of every dollar dedicated to road construction and maintenance.
- KYTC must do better creating competitive bidder markets.
- KYTC would benefit from an outside examination of their bidding practices, prompting reforms to enhance competition.
- The General Assembly is the policymaking body and should direct the state Auditor's office to conduct a special examination of KYTC's bidding practices.



***KYTC Bidding:
A Lack of Competition
Requires Scrutiny & Reform***

Andrew V. McNeill – Visiting Policy Fellow

Bluegrass Institute for Public Policy Solutions

BLUEGRASS
INSTITUTE